GRADWORKS INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2005

106-05323/

AUDITORS' REPORT

To the Member of Gradworks Inc

We have audited the statement of financial position of **Gradworks Inc.** as at December 31, 2005 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Dudley & Company LLP

Dudley & Company
Chartered Accountants LLP

Regina, Saskatchewan
February 3, 2006

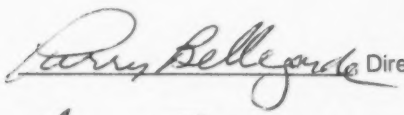
GRADWORKS INC.

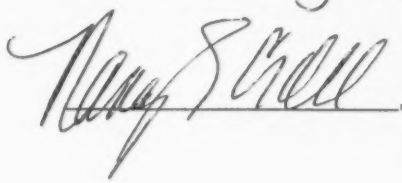
STATEMENT OF FINANCIAL POSITION

As at December 31

	2005	2004
ASSETS		
Cash	$ 243,855	$ -
Accounts receivable	9,629	-
	$ 253,484	$ -
LIABILITIES		
Accounts payable (Note 3)	$ 75,986	$ -
Deferred revenue (Note 4)	153,379	-
Accrued internship vacation and benefits	24,119	-
	253,484	-
NET ASSETS	-	-
	$ 253,484	$ -

(See accompanying notes)


Director


, Director

GRADWORKS INC.

STATEMENT OF OPERATIONS

For the Year Ended December 31, 2005

With Comparatives For the Period December 22 to December 31, 2004

	2005	2004
REVENUES		
Operating grants from CIC (Note 4)	$ 1,500,329	$ -
Interest	5,737	-
	1,506,066	-
EXPENSES		
Internship salaries and benefits	$ 1,199,978	$ -
Program manager fees (Note 5)	225,178	-
General administrative and other	80,910	-
	1,506,066	-
EXCESS OF REVENUES OVER EXPENSES	$ -	$ -

(See accompanying notes)

GRADWORKS INC.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2005

With Comparatives For the Period December 22 to December 31, 2004

	2005	2004
OPERATING ACTIVITIES		
Excess of revenues over expenses	$ -	$ -
Items not involving cash:		
(Increase) in accounts receivable	(9,629)	-
Increase in accounts payable	75,986	-
Increase in accrued internship vacation and benefits	24,119	-
Increase in deferred revenue	153,379	-
Cash provided by operating activities	243,855	-
NET CHANGE IN CASH	243,855	-
CASH POSITION, BEGINNING OF YEAR	-	-
CASH POSITION, END OF YEAR	$ 243,855	$ -

(See accompanying notes)

GRADWORKS INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

1. Status of the Corporation

Gradworks Inc. (Gradworks, Corporation) was established in 2004 under *The Non-profit Corporations Act, 1995*. The Corporation is a wholly-owned subsidiary of Crown Investments Corporation of Saskatchewan (CIC), a Saskatchewan provincial Crown corporation. Accordingly, the accounts of the Corporation are consolidated in the annual financial statements of CIC.

Gradworks has a mandate to provide and fund internships within provincial Crown corporations for qualified Saskatchewan graduates. The Corporation is aimed at providing innovative career development programming that will contribute to Saskatchewan's economic well-being, while rewarding recent post secondary graduates with quality employment opportunities and providing Saskatchewan employers with access to educated young professionals.

CIC is the sole member of Gradworks and provides operating grants to Gradworks to fund its operations.

Gradworks was incorporated on December 22, 2004, but did not begin operations until 2005.

2. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following are considered significant:

a) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Actual results may differ from those estimates and would impact results reported in future periods.

b) Revenue Recognition

Operating grants are received from CIC. Operating grants are approved by Order in Council and recognized as revenue as expenses are incurred.

3. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations related to the Company by virtue of common control by the Government of Saskatchewan (collectively referred to as "related parties").

Included in Accounts Payable is $66,480 (2004 - Nil) due to CIC as a refund of operating grants.

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. Other transactions and amounts due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

4. Operating Grants and Deferred Revenue

Operating grants are recognized as revenue as operating expenditures are incurred. The difference between funds forwarded from CIC and operating expenditures has been recorded as deferred revenue.

	2005	2004
Operating funds provided to Gradworks	$ 1,653,708	$ -
Less: Operating grant revenue	1,500,329	-
Deferred Revenue	$ 153,379	$ -

5. Program Manager Fees

Gradworks has retained the services of McNair Business Development (McNair) under a program management services agreement. Under the terms of the contract, McNair is responsible for administering daily operations, including payroll administration, web-site maintenance, and accounting services. Program manager fees paid to McNair during the year were $225,178 (2004 – $nil). Fees paid for other services were $31,831 (2004 - $nil).